

Congressman Travis Childers Votes to Protect Hard Working North Mississippians from Unfair Credit Card Practices

April 30, 2009

Washington, DC - Congressman Travis Childers voted today for the Credit Cardholders' Bill of Rights (H.R. 627) to provide North Mississippi consumers with crucial protections against unfair credit card industry practices. Specifically, the legislation will ban retroactive rate hikes on existing balances and require 45 days' notice of any rate hikes going forward on new purchases, along with other actions to end deceptive practices. H.R. 627 passed by a bipartisan vote of 357 to 70 in the House.

“Card issuers have a right to set their own rates and make a profit. What they don't have a right to do is use unfair practices to earn that profit,” said Congressman Childers. “A deal is a deal, and when a consumer and a card company enter into a contract, it should be a two-way street. The Credit Cardholders' Bill of Rights will prohibit card companies from raising rates at any time for any reason - an unfair, yet previously commonplace, practice. Today's legislation levels the playing field, which hard working North Mississippians need now more than ever.”

The Credit Cardholders' Bill of Rights includes more protective provisions than the current Federal Reserve consumer protection rule: it bans marketing and issuance to minors under age 18, has annual data-reporting requirements for card companies, and allows cardholders to set their credit limits lower than levels set by card companies, allowing consumers to put aside a portion of their credit availability for credit-scoring purposes. Additionally, H.R. 627 ensures that such measures are legally enforced.

Measures contained in H.R. 627 include, but are not excluded to the following:

End Unfair, Arbitrary Interest Rate Increases.

- Prevents card companies from unfairly increasing interest rates on existing card balances
- retroactive increases are permitted only if a cardholder is more than 30 days late, if a pre-agreed promotional rate expires, if the rate adjusts as part of a variable rate, or if the cardholder fails to comply with a workout agreement.
- Requires card companies to give 45 days' notice of all interest rate increases or significant contract changes (e.g. fees). While the bill will not be effective until 12 months after it is signed into law, it was amended in committee to implement the 45-day notice requirement only three months after signing.

Protects Cardholders from Due Date Gimmicks.

- Among other measures, requires card companies to mail billing statements 21 calendar days before the due date (up from the current 14 days), and to credit as "on time" payments made before 5 p.m. local time on the due date.
- Extends due date to next business day for mailed payments when the due date falls on a day a card company does not accept or receive mail (i.e. Sundays and holidays).

Bars Issuing Credit Cards to Vulnerable Minors

- Prohibits card companies from knowingly issuing cards to individuals under 18 who are not emancipated minors.

The Credit Cardholders' Bill of Rights has been backed by the National Federation of Independent Business.

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